



PARTIAL CLAIM OPTION

Under the Partial Claim option, the mortgagee will advance funds on behalf of a mortgagor in an amount necessary to reinstate a delinquent loan. Ref: Mortgage Letter 2003-19.

FACTS

- A Subordinate Mortgage and Note, in the amount of the advance, is prepared in the name of the Secretary of HUD.
- For mortgaged properties in the State of Texas, a Subordinate Mortgage and Promissory Note, in the amount of the advance, is prepared in the name of the Secretary of HUD.
- Total delinquency may not exceed 12 monthly payments principal, interest, taxes and insurance.
- Mortgagee must verify mortgagor was not able to repay delinquency through Special Forbearance or Loan Modification option.
- Partial Claim cannot be used to bring the loan current for sale or assumption.
- Partial Claim may be used as a stand-alone option.
- Partial Claim cannot be used in conjunction with a Loan Modification.
- The mortgagee cannot include late fees, legal fees, or other administrative expenses in the Partial Claim.
- Partial Claim amount must be included when calculating total indebtedness for the purpose of a Preforeclosure Sale.
- No administrative fees for completing the Partial Claim documents can be passed on to the mortgagor.

ELIGIBILITY

- Loan must be 92 days delinquent (4 full payments due and unpaid).
- Mortgagor must have overcome the cause of default.
- Owner-occupant committed to continuing occupancy as primary residence.

PROCEDURES

- Mortgagee will conduct a financial analysis of the mortgagor's household income and living expenses.
- Calculate surplus income percentage for a minimum of 3 months.
- If mortgagor's income percentage is 0% or less the Partial Claim is disallowed.
- Partial Claim must fully reinstate the loan.
- Mortgagee cannot include late fees, legal fees, or other administrative expenses in the

Partial Claim. However, the mortgagee can collect legal costs and fees resulting for a canceled foreclosure action directly from the mortgagor to the extent not reimbursed by HUD. Reference: Mortgagee Letter 2005-30.

- Partial Claim is due and payable when the first mortgage is paid off or when the mortgagor no longer owns the property. Payments are to be delivered to HUD, C/O Morris Griffin-First Madison Services, 4111 S. Darlington, Suite 300, Tulsa, OK 74135 (800) 967-3050, fax number (203) 447-8050. Payoff procedure is as follows:
 - (a) Payoff request along with the mortgagors authorization and either a copy of the mortgage /deed of trust or title search report, is faxed to the Customer Service Department,
 - (b) The Customer Service Department verifies the information in HUD's system and sets up a payoff request,
 - (c) Cash Management verifies amount, prepares and fax payoff, and
 - (d) Upon receipt of verified payoff funds, they are posted to the account and the Satisfaction of Mortgage is prepared and submitted to the county for recordation.

If you have any questions you may contact NSC at:

National Servicing Center

Email: hsg-lossmit@hud.gov

1-888-297-8685